

# China Economy

## Exports rebounded with headwinds ahead

China's exports notably beat expectations despite further contraction in exports to the US, as ASEAN and Africa made up for 129% of the US loss since Apr. Exports of motor vehicles and chips remained strong while ships, personal computers and cell phones softened. Imports rebounded thanks to robust AI-related demand, as imports volume of copper ore, copper products and integrated circuits further picked up. Soybean imports from the US also quickly rebounded in May and June after the sharp decline in Apr, reflecting the steady progress in US-CN trade negotiations. However, we see more headwinds in 2H25 to curb China's exports: 1) payback effect from export front-loading; 2) potential 25% secondary tariffs as Russian oil purchaser; 3) effective tariffs have increased further after the trade deal, weighing on global demand and supply chain; and 4) 40% tariff on export re-routing and suspension of the de minimis exemption has closed most of the loopholes to circumvent tariff. Looking forward, we expect China's export growth to decelerate from 5.9% in 2024 to 2% in 2025 while import growth may mildly slow down from 1.1% to 0.5%. USD/RMB rates may appreciate from the current 7.15 to 7.1 by year end.

■ **Exports edged up as exports to ASEAN and Africa compensated the US loss.** Exports bounced up to 7.2% (all on a YoY basis unless specified) in July from 5.9% in June, beating market expectation of 5.8%. Exports to the US further slumped to -21.7% in July from -16.1% in June, as the impact of the tariffs truce faded. Surprisingly, shipments to Africa notably accelerated to 42.4% in July from 34.8% in June, while exports to ASEAN remained robust at 16.6%. Since the tariff shocks, the exports to ASEAN and Africa surged from 7.8% and 10.8% in 1Q25 to 17.5% and 31.2% respectively in 2Q25. The increase in shipments made up for 129% of the export losses to the US since Apr, pointing to potential rerouting of exports in reaction to tariffs. Exports to the EU, Australia, Korea and Canada rebounded, while Japan, the UK and Russia moderated. Trade surplus narrowed to US\$98bn in July from US\$115bn.

■ **Exports performance of transport equipment and tech products polarized.** The two major drivers in exports have seen increasing divergence since the tariff shocks. Motor vehicles saw another strong growth of 18.6% in July, while ship exports recorded its first YoY decline in two years at -1.5%. Integrated circuits further surged to 29.2% in July from 24.2%, while cell phone and personal computer further contracted 9.6% and 21.8% in July. Low value-added exports including textile yarn, travel goods & bags, garment and toys declined further, as well as the housing-related products including furniture and lamps & lighting products. Rare earth exports recovered to -17.6% in July from -46.9%, indicating a partial easing of transport restrictions.

■ **Imports rebounded as AI-related demand remained robust.** China's imports of goods increased to 4.1% in July from 1.1% in June, better than the market expectations of 0.3%. Imports from the US steadied at -18.9%. AI-related demand was strong, as the import volume of copper ore and copper products rose 18% and 9.1% in July compared to 1.7% and 5.5% in June, while integrated circuits, the largest import category, picked up to 12.2%. For energy products, import volume of crude oil rebounded by 11.5% in July while coal and natural gas dropped by 22.9% and 2.1%. Machine tools, steel products & ore, rubber and plastics dropped in import volume, possibly indicating the softening industrial activities in China. Import volume of crops rebounded as grains and soybeans rose to 1.1% and 18.4% in July.

**Frank Liu**

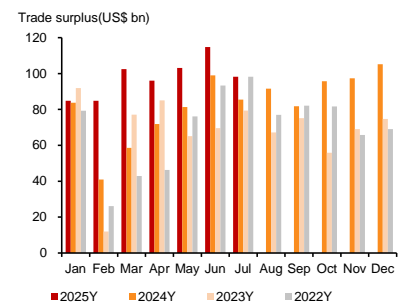
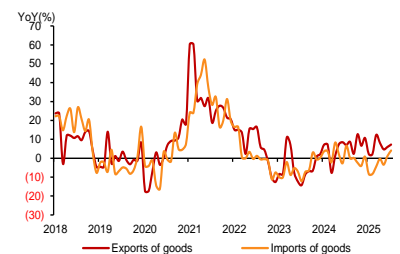
(852) 3761 8957

[frankliu@cmbi.com.hk](mailto:frankliu@cmbi.com.hk)

**Bingnan YE, Ph.D**

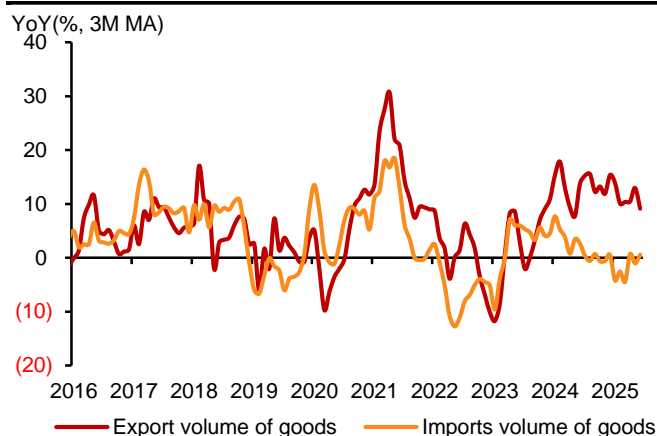
(852) 3761 8967

[yebingnan@cmbi.com.hk](mailto:yebingnan@cmbi.com.hk)

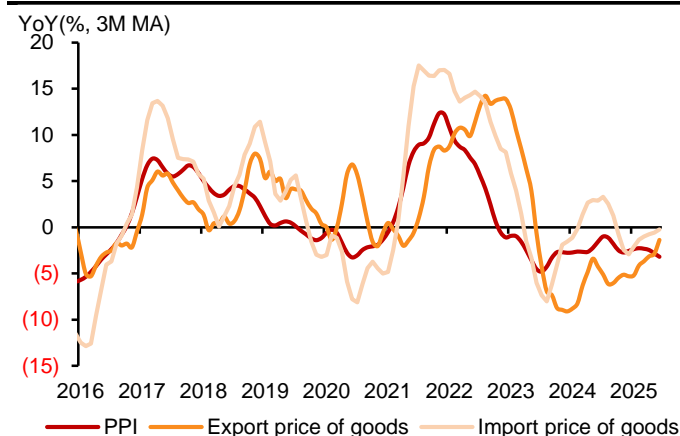


It is worth noting that soybean imports from the US quickly rebounded from -43.7% in Apr to 28.6% and 20.6% in May and June, reflecting the steady progress of US-CN trade negotiations.

- **Exports to soften in 2H25.** The CN-US trade negotiations are progressing slowly and steadily, as both sides are about to extend the deadline for another 90 days. However, we see more headwinds in 2H25 to curb China's exports: 1) payback effect from export front-loading in 1H25; 2) Trump just vowed additional tariffs for Russia oil buyers, potentially including China, with rates up to the 25% currently imposed on India; 3) effective tariffs have increased further after the trade deal with major trading partners including the EU, Japan and Asian countries, weighing on the global demand and supply chain; and 4) 40% tariff on export re-routing and suspension of the de minimis exemption has closed most of the loopholes to circumvent tariff. Looking forward, we expect China's export growth to decelerate from 5.9% in 2024 to 2% in 2025 while import growth may mildly slow down from 1.1% to 0.5%. USD/RMB rates may appreciate from the current 7.15 to 7.1 by year end.

**Figure 1: Growth of export and import volume**

Source: Wind, CMBIGM

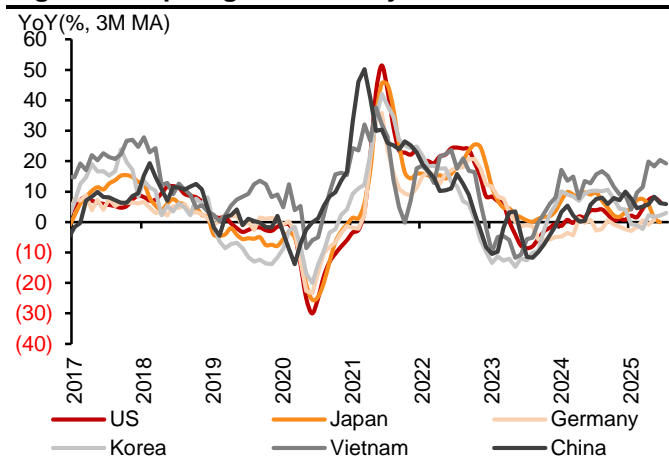
**Figure 2: Growth of export and import prices**

Source: Wind, CMBIGM

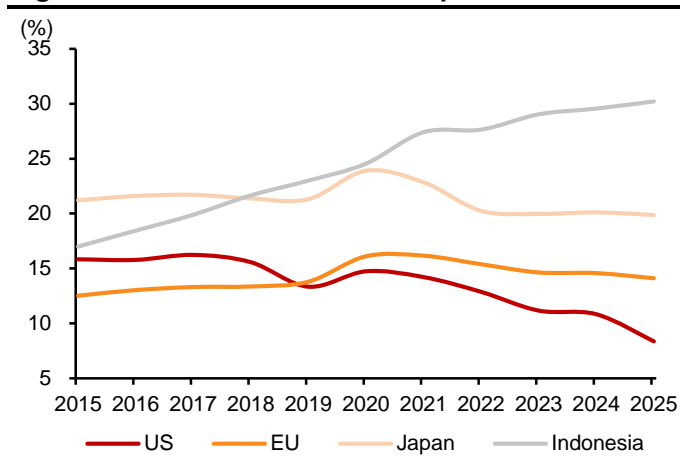
**Figure 3: China exports by destination**

	YoY Growth (%)										Share (%)					
	2020	2021	2022	2023	2024	25Q1	25Q2	June	July		2020	2021	2022	2023	2024	2025
World	3.6	29.6	5.6	(4.7)	5.8	5.7	6.2	5.9	7.2		100	100	100	100	100	100
ASEAN	6.7	26.1	17.7	(5.0)	12.0	7.8	17.5	16.9	16.6		14.8	14.4	16.0	15.5	16.4	17.7
US	7.9	27.5	1.2	(13.1)	4.9	5.0	(23.9)	(16.1)	(21.7)		17.4	17.2	16.4	14.8	14.7	11.8
EU	6.7	32.6	8.6	(10.2)	3.0	4.1	9.3	7.6	9.2		15.1	15.4	15.9	14.8	14.4	14.9
Latin America	(0.8)	52.0	10.6	(2.4)	13.0	9.7	5.2	(2.1)	7.7		5.8	6.8	7.1	7.3	7.7	7.9
Africa	0.9	29.9	11.2	7.5	3.5	10.8	31.2	34.8	42.4		4.4	4.4	4.6	5.1	5.0	5.7
Japan	(0.4)	16.3	4.4	(8.4)	(3.5)	2.8	6.8	6.6	2.4		5.5	4.9	4.9	4.7	4.3	4.2
South Korea	1.4	32.4	9.5	(7.2)	(1.8)	(2.0)	(2.7)	(6.7)	4.6		4.3	4.4	4.6	4.4	4.1	3.9
India	(10.8)	46.2	21.7	0.8	2.4	13.6	14.3	9.4	9.8		2.6	2.9	3.3	3.5	3.4	3.6
Russia	1.7	33.8	12.8	46.9	4.1	(7.0)	(10.3)	(16.2)	(9.1)		2.0	2.0	2.1	3.3	3.2	2.6
UK	16.3	19.9	(6.1)	(3.4)	1.2	6.8	9.6	10.8	7.5		2.8	2.6	2.3	2.3	2.2	2.2
Australia	10.9	24.2	19.0	(5.3)	(4.2)	(4.5)	5.5	(1.2)	14.8		2.1	2.0	2.2	2.2	2.0	1.9
Canada	14.0	22.4	4.5	(14.9)	3.0	2.6	12.0	2.0	6.7		1.6	1.5	1.5	1.3	1.3	1.3
Saudi Arabia	17.7	7.9	25.7	14.5	16.8	7.3	19.0	9.1	-		1.1	0.9	1.1	1.3	1.4	1.3
HK China	(2.3)	28.6	(15.0)	(6.3)	6.2	7.3	12.3	16.7	10.7		10.5	10.4	8.4	8.1	8.1	8.3
Chinese Taipei	9.1	30.4	4.2	(16.0)	9.8	8.1	8.6	3.4	19.2		2.3	2.3	2.3	2.0	2.1	2.2

Source: Wind, CMBIGM

**Figure 4: Export growth in major economies**

Source: Wind, CMBIGM

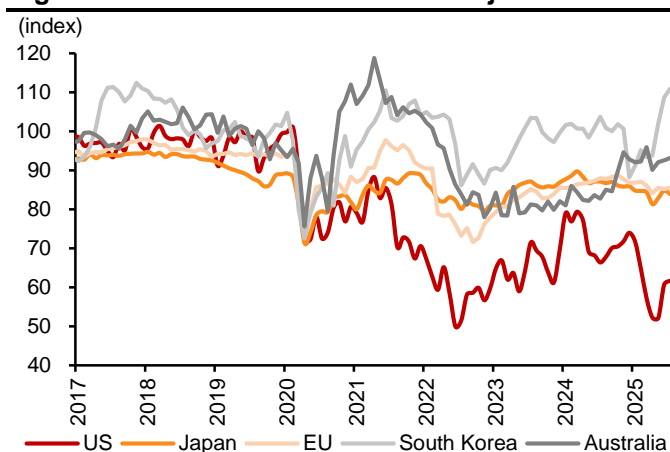
**Figure 5: China's market share in partners' trade**

Source: Wind, CMBIGM

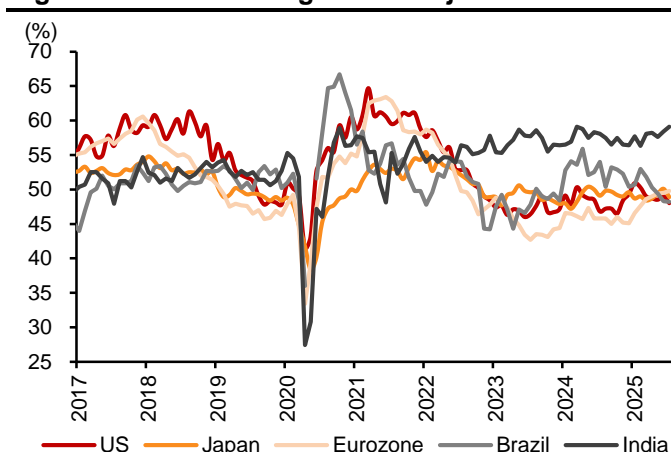
**Figure 6: China's exports by product**

	YoY(%)									Share (%)					
	2020	2021	2022	2023	2024	25Q1	25Q2	June	July	2020	2021	2022	2023	2024	2025
Textile Yarn & Related Products	29.2	(5.6)	2.0	(8.3)	5.7	3.7	(0.2)	(1.6)	0.5	5.9	4.3	4.2	4.0	4.0	3.9
Travel Goods & Bags	(24.2)	35.1	28.2	3.9	(3.2)	(15.0)	(8.8)	(7.1)	(10.0)	0.8	0.8	1.0	1.1	1.0	0.9
Garment & Accessories	(6.4)	24.0	3.2	(7.8)	0.3	(2.4)	0.8	0.8	(0.6)	5.3	5.1	4.9	4.7	4.5	4.2
Toy	7.5	37.7	5.6	(12.2)	(1.7)	(6.3)	0.4	8.1	(3.3)	1.3	1.4	1.4	1.2	1.1	1.0
Furniture & Parts Thereof	11.8	26.4	(5.3)	(5.2)	5.8	(8.8)	(5.9)	0.6	3.0	2.3	2.2	2.0	1.9	1.9	1.8
Lamps, Lighting Fixtures & Similar Products	14.3	31.2	(6.1)	(4.6)	(0.1)	(10.7)	(3.2)	1.2	(5.6)	1.5	1.5	1.3	1.2	1.2	1.1
Plastic Products	19.6	29.1	9.3	(3.9)	5.4	(3.3)	(0.3)	2.2	3.2	3.3	2.9	3.0	3.0	3.0	2.9
Steel Products	(15.4)	80.2	18.7	(8.3)	(1.1)	(4.9)	0.2	(1.6)	11.7	1.8	2.4	2.7	2.5	2.3	2.2
Unwrought Aluminum	(14.1)	48.7	33.7	(26.1)	15.2	(1.9)	(4.5)	(18.2)	(6.0)	0.5	0.6	0.7	0.6	0.6	0.6
Integrated Circuits	14.8	32.0	0.3	(10.1)	17.4	9.8	25.9	24.2	29.2	4.5	4.6	4.3	4.0	4.5	5.1
Ship	(15.3)	26.2	(0.4)	28.6	57.3	2.2	33.9	23.6	(1.5)	0.7	0.6	0.6	0.8	1.2	1.3
Motor Vehicles	(3.6)	119.2	74.7	69.0	15.5	2.2	13.1	23.1	18.6	0.6	1.0	1.7	3.0	3.3	3.4
Vehicles Parts	(6.2)	33.7	7.4	9.0	6.6	4.4	4.4	0.0	4.0	2.2	2.3	2.3	2.6	2.6	2.6
General Equipment	7.5	26.4	6.1	1.8	14.3	5.9	7.7	1.4	5.3	1.6	1.6	1.6	1.7	1.8	1.9
Automatic Data Processing Equipment	11.6	21.0	(7.5)	(20.4)	9.9	6.5	(2.8)	(2.8)	(9.6)	8.1	7.6	6.7	5.5	5.8	5.4
Fertilizer	(8.3)	73.2	(1.6)	(13.9)	(11.5)	42.5	18.2	59.3	134.6	0.3	0.3	0.3	0.3	0.2	0.3
Ceramic products	0.0	22.3	6.4	(15.4)	(15.6)	(20.8)	18.6	30.5	19.5	1.0	0.9	0.9	0.8	0.6	0.6
Rare earth	(21.9)	90.0	62.8	(28.3)	(36.0)	(10.9)	(43.7)	(46.9)	(17.6)	0.01	0.02	0.03	0.02	0.01	0.01
Cellphone	0.9	16.6	(2.5)	(2.7)	(3.1)	(0.1)	(18.6)	(10.4)	(21.8)	4.8	4.4	4.0	4.1	3.8	2.7
Home appliance	23.5	22.3	(13.3)	3.8	14.1	8.3	(6.9)	(9.0)	(3.8)	2.6	2.9	2.4	2.6	2.8	2.7
Medical equipment	40.5	11.9	(5.8)	(2.9)	7.1	6.1	5.2	5.0	12.2	0.7	0.6	0.5	0.5	0.6	0.5

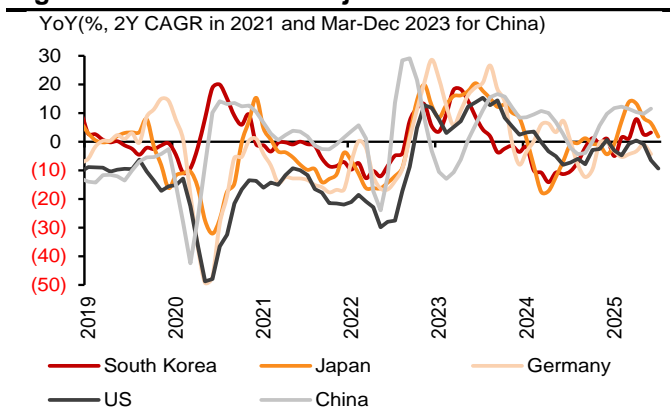
Source: Wind, CMBIGM

**Figure 7: Consumer confidence in major economies**

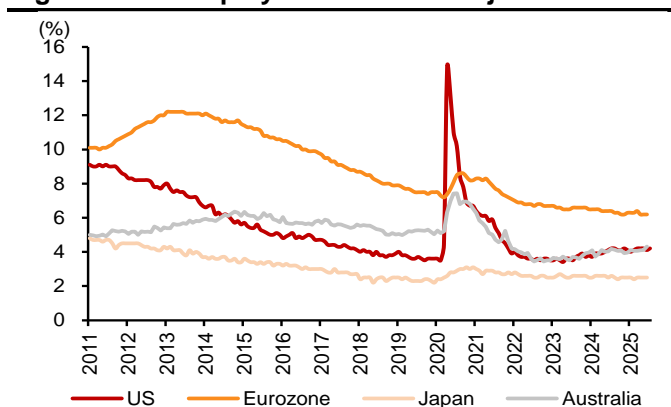
Source: Wind, CMBIGM

**Figure 8: Manufacturing PMI in major economies**

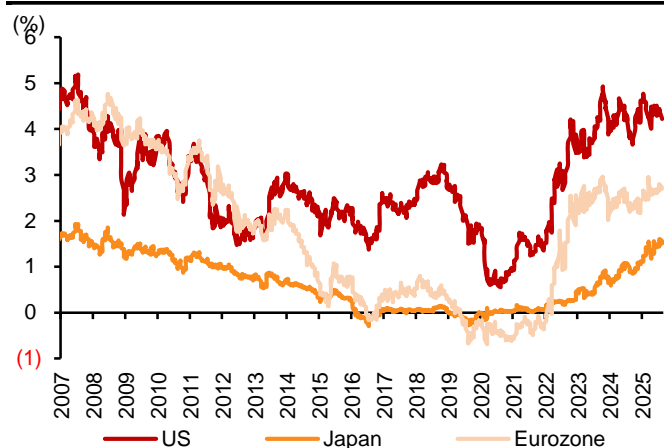
Source: Wind, CMBIGM

**Figure 9: Auto sales in major economies**

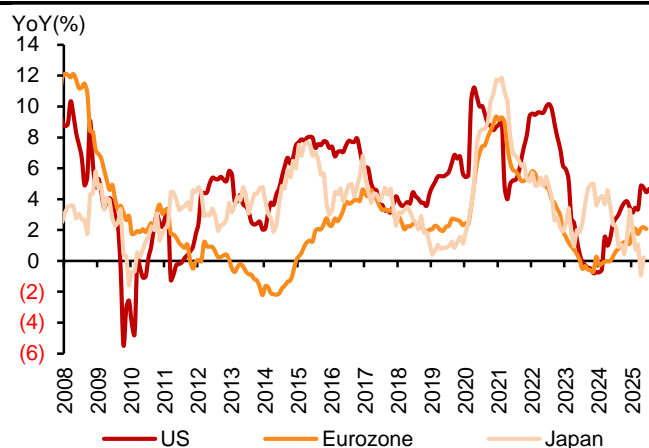
Source: Wind, CMBIGM

**Figure 10: Unemployment rates in major economies**

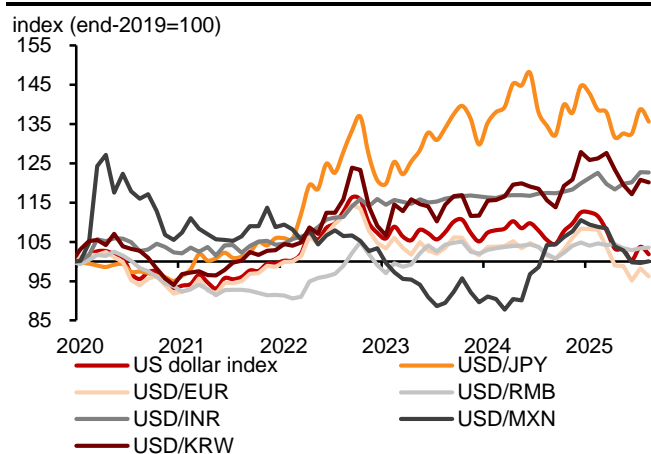
Source: Wind, CMBIGM

**Figure 11: 10Y T-Bond rates in major economies**

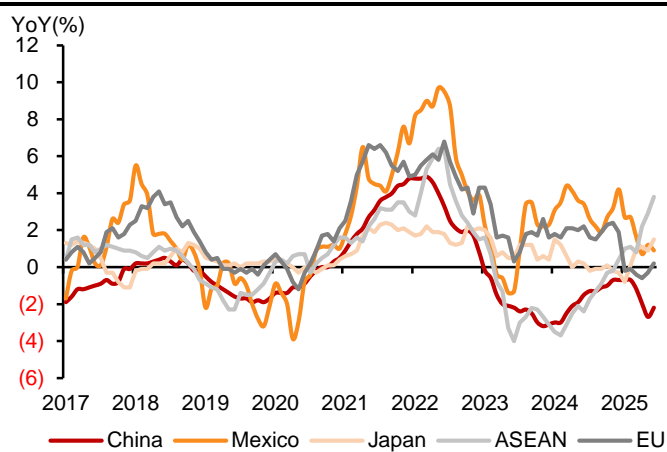
Source: Wind, CMBIGM

**Figure 12: Banks' credit growth in major economies**

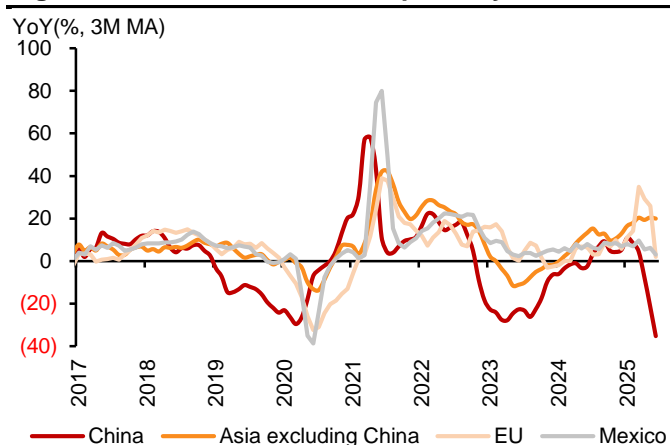
Source: Wind, CMBIGM

**Figure 13: Exchange rates**

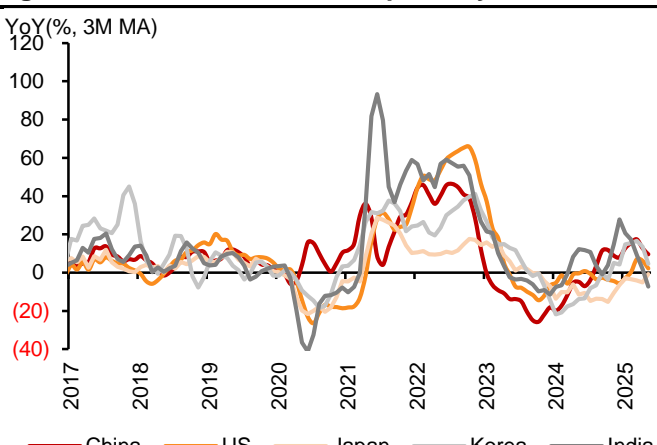
Source: Wind, CMBIGM

**Figure 14: US import price growth by source**

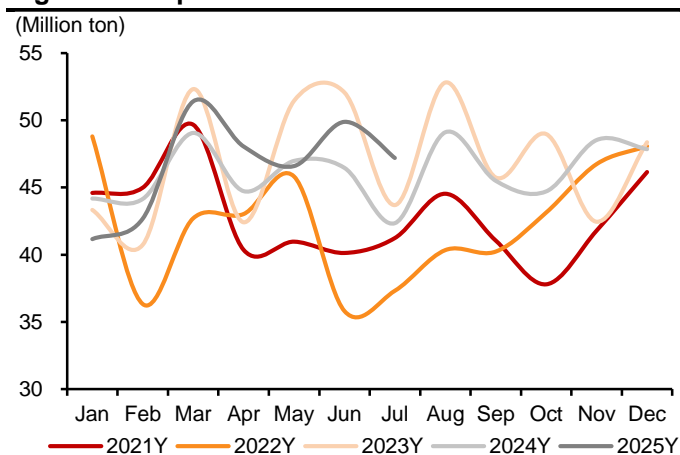
Source: Wind, CMBIGM

**Figure 15: Growth of the US imports by source**

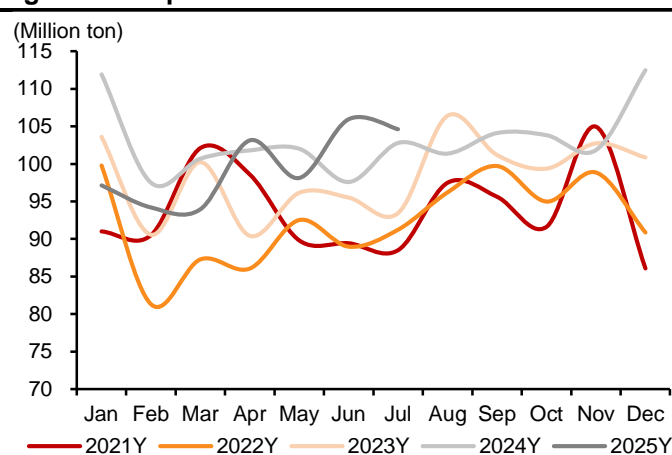
Source: Wind, CMBIGM

**Figure 16: Growth of the EU imports by source**

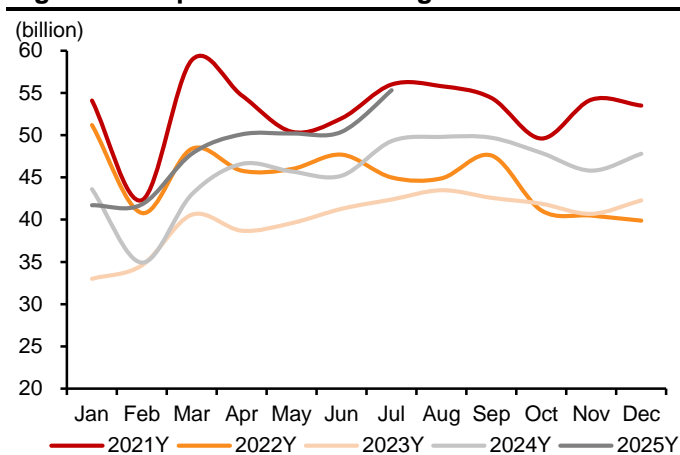
Source: Wind, CMBIGM

**Figure 17: Import volume of crude oil**

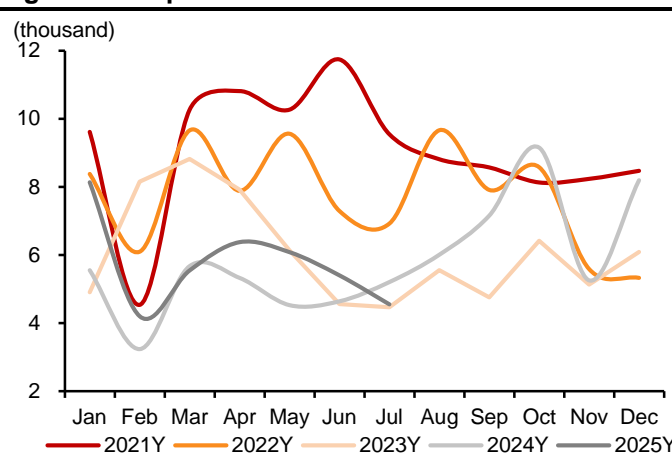
Source: Wind, CMBIGM

**Figure 18: Import volume of iron ore**

Source: Wind, CMBIGM

**Figure 19: Import volume of integrated circuits**

Source: Wind, CMBIGM

**Figure 20: Import volume of machine tools**

Source: Wind, CMBIGM

**Figure 21: China's import volume & price by product**

	Import volume YoY (%)									Import price YoY(%)								
	2020	2021	2022	2023	2024	25Q1	25Q2	June	July	2020	2021	2022	2023	2024	1Q25	2Q25	June	July
Grain	28.0	18.1	(10.7)	11.7	(2.3)	(40.9)	(12.5)	(6.1)	1.1	(5.4)	26.3	23.7	(9.6)	(13.6)	(0.8)	(3.0)	(4.0)	(2.8)
Soybean	13.3	(3.8)	(5.6)	11.4	6.5	(7.9)	7.9	10.4	18.4	(1.3)	40.7	21.2	(10.7)	(16.3)	(17.8)	(11.5)	(11.0)	(10.8)
Iron ore	9.5	(3.9)	(1.5)	6.6	4.9	(8.0)	1.9	8.5	1.8	7.2	55.4	(28.6)	(1.6)	(7.1)	(23.4)	(12.0)	(13.5)	(13.5)
Copper ore	(1.0)	7.6	8.0	9.1	2.1	1.6	10.8	1.7	18.0	2.1	44.6	(8.5)	(1.6)	10.8	11.3	15.8	13.7	7.1
Coal	1.5	6.6	(9.2)	61.8	14.4	(0.9)	(20.0)	(25.9)	(22.9)	(14.8)	65.9	29.7	(23.3)	(14.2)	(21.6)	(25.9)	(25.2)	(32.3)
Crude oil	7.3	(5.4)	(0.9)	11.0	(1.9)	(1.5)	4.6	7.4	11.5	(32.2)	52.4	42.7	(16.8)	(2.0)	(5.8)	(19.2)	(20.2)	(17.0)
Natural gas	5.3	19.9	(9.9)	9.9	9.9	(10.3)	(5.4)	1.2	(2.1)	(23.8)	39.8	39.5	(16.4)	(7.9)	(6.3)	(8.6)	(7.2)	(6.7)
Steel products	64.4	(29.5)	(25.9)	(27.6)	(10.9)	(11.9)	(21.4)	(17.5)	(9.6)	(27.5)	57.9	23.1	2.5	1.9	1.7	3.7	5.4	1.4
Copper products	34.1	(17.2)	6.2	(6.3)	3.4	(4.4)	(4.3)	4.5	9.1	(0.9)	45.5	(2.5)	(6.2)	9.8	8.5	1.0	(1.4)	0.4
Plastics in primary form	10.1	(16.4)	(10.0)	(3.2)	(2.1)	(1.8)	(5.4)	(10.3)	(13.3)	(10.6)	39.4	2.0	(16.7)	(1.1)	(0.7)	(3.1)	(1.9)	0.5
Rubber	13.6	(9.4)	8.7	8.0	(8.2)	21.1	29.3	27.7	3.9	(7.2)	26.4	(1.7)	(16.4)	19.8	26.0	10.9	6.6	0.4
Integrated circuits	22.1	16.9	(15.3)	(10.8)	14.6	8.1	9.6	11.5	12.2	(6.1)	5.7	13.5	(5.2)	(3.7)	(4.9)	0.8	(0.0)	0.6
Machine tool	18.8	(0.7)	(14.4)	(20.5)	(4.1)	23.6	23.2	16.4	(12.6)	(30.8)	25.8	1.5	14.8	(6.5)	(24.7)	(12.1)	(11.9)	19.6
Auto	(11.4)	0.6	(6.5)	(8.9)	(11.7)	(37.5)	(23.5)	(33.3)	(28.6)	8.1	14.7	5.7	(3.0)	(5.7)	(11.3)	(10.8)	(4.5)	(18.9)
Airplane	(35.4)	29.4	(27.3)	12.2	8.2	88.9	(14.3)	18.8	14.3	(30.0)	12.3	13.5	(4.0)	3.1	35.2	25.0	25.0	(14.3)
Medicine	(0.6)	3.1	28.8	23.6	4.7	(7.4)	0.6	(2.1)	(9.9)	4.1	16.5	(25.7)	(12.8)	(4.8)	0.6	(9.6)	(14.7)	16.8
Beauty cosmetics	3.7	5.2	(11.8)	(14.2)	(9.4)	7.7	9.4	8.9	14.1	24.8	17.0	1.8	(6.1)	0.4	(10.0)	(6.7)	(3.7)	(9.7)

Source: Wind, CMBIGM





# Disclosures & Disclaimers

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**BUY** : Stock with potential return of over 15% over next 12 months  
**HOLD** : Stock with potential return of +15% to -10% over next 12 months  
**SELL** : Stock with potential loss of over 10% over next 12 months  
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## CMB International Global Markets Limited

**Address:** 45/F, Champion Tower, 3 Garden Road, Hong Kong, Tel: (852) 3900 0888 Fax: (852) 3900 0800

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